



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
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November 6, 2017

**VIA ECF**

Honorable Andrew J. Peck  
United States District Court  
Southern District of New York  
500 Pearl Street  
New York, NY 10007-1312

Re: **SEC v. Robert Stewart et al., No. 15-cv-03719 (AT)(AJP)**

Dear Judge Peck:

I write on behalf of the staff of the Securities and Exchange Commission (the "Commission") to update the Court on the staff's settlement negotiations with defendant Sean Stewart and to request on behalf of both parties a stay of the litigation deadlines set by the Court on October 20, 2017 (Dkt. No. 71).

As previously reported, Mr. Stewart has appealed the judgment of conviction in the related criminal case to the Second Circuit, and the appeal is fully briefed. *See United States v. Sean Stewart*, No. 17-593 (the "Criminal Appeal"). Although the parties are not able to resolve this case while the Criminal Appeal is outstanding, Counsel for the Commission and Mr. Stewart have reached an agreement in principle regarding settlement if the Second Circuit denies the Criminal Appeal.

Mr. Stewart has agreed that, if the Criminal Appeal is denied, he will consent to a final judgment imposing injunctions against further violations of Sections 10(b) and 14(e) of the Securities Exchange Act of 1934 [15 U.S.C. §§ 78j(b), 78n(e)] and Rules 10b-5 and 14e-3 promulgated thereunder [17 C.F.R. §§ 240.10b-5, 240.14e-3], and he will consent, in a follow-on administrative proceeding, to associational and penny stock bars pursuant to Section 15(b)(6) of the Exchange Act. Pursuant to this proposal, the Commission would not seek disgorgement or a civil penalty from Mr. Stewart based on the sanctions imposed in the related criminal case. Like all settlement agreements negotiated by the staff, this agreement would be subject to the review and approval of certain offices and Divisions within the Commission and of the Commission itself.

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In light of this agreement in principle, the parties respectfully request that the Court stay the deadlines entered on October 20, 2017 (Dkt. No. 71), including Mr. Stewart's obligation to answer the complaint and the deadlines for fact and expert discovery, pending resolution of the Criminal Appeal.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'Julia C. Green', written over the typed name.

Julia C. Green

cc: Counsel of Record (by ECF)  
Sean Stewart (by U.S. Mail)  
Alexandra Shapiro, Esq. (by email)